



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

Developmental Disabilities Administration (DDA)

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

Fiscal 2014 Cost Report Frequently Asked Questions (FAQs)

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FREQUENTLY ASKED QUESTIONS

- 1. Are providers that serve very small populations of individuals or providers of only one rate-based service required to complete and submit Year-End Cost Reports to the DDA?**
 - ◇ Yes, all providers of DDA's rate-based services (Residential, Day Habilitation, Supported Employment and CSLA) are required to submit a completed Cost Report, Audited Financials and Independent Auditor's Attestation Report on Client Attendance Days and Fees. For each service that an agency provides, the corresponding service tab (Tabs A, B, C, or D) must be completed; the other service tabs should be left blank. Providers of only one rate-based service should complete the service tab relevant to their service, leaving the other service tabs blank. Do not alter the template in any way.
- 2. Has the template for the Independent Auditor's Attestation Report on Client Attendance Days and Fees been updated?**
 - ◇ Yes, the template for the Independent Auditor's Attestation Report on Client Attendance Days and Fees has been updated for FY2014, and now includes a schedule for Attendance Days. Auditors must use this new template, which can be found on the DDA website, under the "Providers" tab, under "DDA Forms for Providers," under "Cost Report and Wage Survey," under the "FY2014 Cost Report and Instructions." – (<http://dda.dhmh.maryland.gov/SitePages/costreports.aspx>)
- 3. If a provider employs its own drivers, should the salary and fringe benefit costs of those drivers be reported under the section for "Salaries and Wages" or "Transportation?"**
 - ◇ It is at the provider's discretion to allocate costs to the most appropriate expense category. If a provider determines that employed drivers are best categorized as general or direct support staff, their salary and wage costs should be listed under the "general" or "direct support" employee cost centers under "Salaries and Wages." However, if a driver service is more appropriately characterized as a transportation cost, the provider may include the drivers' salaries and fringe benefits under the relevant "Transportation" sections in *Schedule E - Other Expenses*. In either case, providers should ensure that the expenses are not duplicated across more than one cost center or line item in the Cost Report.
- 4. How should providers categorize reimbursements to staff for mileage for using their personal vehicles to transport consumers?**

- ◇ Reimbursements to staff for mileage for using personal vehicles to transport consumers can be included under the “Transportation” section for the relevant program area in *Schedule E - Other Expenses*.

5. Where should providers report wages paid to consumers? For example, a consumer funded under the Supported Employment program may be paid wages for providing support to the Residential program. In this case, should the provider report the costs under the Supported Employment program or under the Residential program?

- ◇ Payments for wages to consumers should be reported as “Client Wages” under the “Salaries and Wages.” It is at the provider’s discretion to allocate costs to the most appropriate expense category. A provider may choose to report expenses under the Supported Employment program or the Residential program. It is important to note that expenses reported under a given program should be incurred by that program. In either case, providers should ensure that the expenses are not duplicated across more than one cost center or line item in the Cost Report.

6. Should the “Client Wages” line be used to report the wages for consumers that work during the day at offsite locations?

- ◇ Client Wages included under the Operating Expenses of a program should only include wages that can be characterized as costs of operating that particular program. If another entity is paying a client wages they should not be included in the cost report.

7. In regards to Other Post Employee Benefits (specifically retiree health insurance), should that cost be included in the calculation or not?

- ◇ Yes, Other Post Employee Benefits can be included in Other Employee Benefits based on the type of employee and the type of service program with details provided in the other expenses tab.

8. What is the difference between “contractors” and “contract services” in the schedules for operating expenses?

- ◇ A “contractor” refers to a contractual employee who is not on a provider’s direct payroll. A “contract service” should capture the cost of a service that is outsourced (e.g. IT, cleaning, etc.). A “contract service” typically involves using a vendor agency.

9. Should the expenses and revenues included in *Schedule F - Net Operating Income* tie to the Audited Financials on an itemized basis or at an aggregate level? For example, if the Audited Financials report non-operating expenses such as interest or bad debt expenses related to a provider’s residential program, does this expense also need to be itemized in the Cost Report?

- ◇ It is most important for the **total** expenditures and total revenue in the Audited Financials to match the **total** expenditures and total revenues in *Schedule F - Net Operating Income* of the Cost Report. Non-operating expenses, such as interest or bad debt expenses related to a residential program for DDA consumers can be included under “All DDA Programs Non-Operating Expenses” in *Schedule F* so that the total expenditures and revenues in the Audited Financials match the totals in the Cost Report.

10. Should providers include expenses and revenues for facilities that do not house or serve any DDA consumers in the Cost Report?

- ◇ No, providers should only include expenses and revenue for providing DDA services and goods to DDA participants. However, if a provider has a facility with a mix of DDA and non-DDA consumers and cannot separate these expenditures, then the complete expenses and revenue for these facilities should be included in

the Cost Report. If a provider's facility only serves non-DDA consumers, information on this facility should not be included in the Cost Report.

11. There may be instances where an entity other than the provider owns a facility from which the provider operates DDA services. In such cases, should the associated costs incurred by the entity that owns the facility (e.g. interest on mortgage payments) be included in the Cost Report?

◇ No, expenses not incurred by the provider should not be included in the Cost Report.

12. Are all DDA service providers required to complete the information in the Cost Report relating to a client's Contribution to Care?

◇ No, Contribution to Care is only applicable to Residential service providers.

13. In *Schedule H - Client Fees Reconciliation*, should variances only be listed when a provider's actual collection of clients' Contribution to Care is less than what was reported in PCIS2?

◇ No, all variances between the clients' Contribution to Care reported in PCIS2 and the amounts actually collected by the provider should be reported and explained in *Schedule H - Client Fees Reconciliation* by individual and by month. This includes actual collections both over and under the amounts reported in PCIS2. Upon completing *Schedule H*, providers should ensure that the Quality Check line reads "Totals Match."

14. Who records the client's Contribution to Care in PCIS2?

◇ The Residential provider is responsible for entering the clients' Contribution to Care amounts in PCIS2.

15. Can providers still update the FY2014 Contribution to Care amounts in PCIS2?

◇ No, providers cannot make any changes to the Contribution to Care amounts in PCIS2 for FY2014.

16. Where in PCIS2 can providers find the Client Contribution to Care form? What reports are available in PCIS2 to view the FY2014 Contribution to Care amounts?

◇ Instructions for accessing and completing the Client Contribution to Care form and generating reports in PCIS2 are in the "DDA Cost of Care Guidance and Procedural Changes" guidance, located on the DDA website, under the "Providers" tab. —(<http://dda.dhmf.maryland.gov/SitePages/providers.aspx>)

17. What number should be used in Schedule H – Client Fees Reconciliation for "Total Net Contribution in PCIS2 (CTC & R&B)," cell C9?

◇ The total net contribution in the earned payment detail report from PCIS2 should be used. This is the amount that was reduced from the provider payment. Any discrepancies from the number on this report and what was collected will need to be explained in Schedule H by individual by month.

18. What if a provider requires additional lines for Client Fees Reconciliations?

◇ *Schedule H - Client Fees Reconciliation* in the FY2014 Cost Report has been modified to accommodate 4,980 lines for reconciling variances in clients' Contributions to Care. Please contact DDA.CFO@maryland.gov if additional lines are needed.

19. Where should providers complete the Wage Survey?

◇ The Wage Survey template and instructions will be posted separately.

20. What type of revenue should be included under "Local Share Funding" section in *Schedule F - Net Operating Income*?

- ◇ Revenue received from the local county health departments – for their share of Day program costs should be reported under the “Local Share Funding” section under “Operating Revenue” in *Schedule F*. This section should not include the local share dollars advanced and recovered by the DDA throughout the course of the fiscal year.

21. How should a provider reconcile variances between the provider’s records for actual consumer attendance for FY2014 versus the attendance recorded in PCIS2?

- ◇ Providers should use *Schedule G - Attendance Reconciliation* to reconcile all variances between payable attendance recorded in PCIS2 and the provider’s records of actual consumer attendance. The data from *Schedule G* will automatically populate the “Difference in PCIS2 and Provider Payable Days” under “Section 2 - Attendance” in *Schedules A, B, C and D*.

22. Should *Schedule G - Attendance Reconciliation* include attendance information for non-DDA consumers?

- ◇ No, *Schedule G - Attendance Reconciliation* should only include attendance information for DDA consumers.

23. *Schedule B - Day* requires the reporting of attendance days, including “weather” days. However, PCIS2 no longer recognizes weather days as an attendance option. Why does the FY2014 Cost Report include this classification if it is no longer in use in PCIS2 system?

- ◇ Although a “weather day” is no longer a DDA authorized payable day, the option was included in the Cost Report to allow for easy transfer of attendance data between PCIS2 and the Cost Report. The options under the “Attendance” section in *Schedule B - Day* mirror the attendance options that were available and utilized in PCIS2 in FY2014.

24. How should payments be recorded for new consumers for whom providers have not yet received funding but have recorded attendance?

- ◇ Providers should have received payments for all consumers with attendance reported in PCIS2 for FY2014 by the FY2015 second quarter payment. Any discrepancies between attendance in PCIS2 and the provider records should be described in *Schedule G - Attendance Reconciliation*. Any discrepancies in payments for attendance will be reconciled in the FY2014 reconciliation conducted by the DHMH Division of Cost Accounting and Reconciliation (DCAR).

25. Will extensions be granted on meeting the 12/31/2014 deadline to file the FY2014 Cost Report and Audited Financials?

- ◇ No, the deadline of 12/31/2014 for filing the FY2014 Cost Report and Audited Financials is a statutory requirement and cannot be extended.
- ◇ Pursuant to Health- General Article, §7-910(l)(1) Annotated Code of Maryland, “Private providers shall submit to the Administration: cost reports for rate-based payment systems no later than 6 months after the end of the State fiscal year.”

26. How should sites that close during a fiscal year be reported in section 3? How should consumers served be reported, should it be an average for the year?

- ◇ Section 3 should be reported as a snapshot of the end of the fiscal year. A provider should report the number of sites and the number of people as of June 30th. If a site closed prior to June 30th then the site would not count towards the total number of sites.

27. Historically, there was an option to submit the attestation on either the individual or blended rate. If the individual rate was chosen, then there was an added requirement to attach earned attendance reports to the attestation. That option is

no longer available and there is a concern that the blended rate will be used on the final FPS reconciliation instead of the actual rate. This could lead to significant variances in revenue if the individual with incorrect attendance has a rate that is much higher than the blended rate. When the FY14 DCAR reconciliation is completed, will DCAR be using the individual's actual rate or will they use the blended rate? Should the earned attendance reports be attached to the attestation to get paid on the individual rate?

- ◇ The blended rate is not used in the calculation. There is a column on the DCAR worksheet and a formula to calculate the blended rate, but DCAR does not use it. DCAR uses the earned amount details from PCIS2, and the number of payable/allowable days per PCIS2. If there is a difference between the attendance per PCIS2 and the payable days, DCAR will look up the client's rate in PCIS2 and use that rate.
- ◇ Providers may still provide detailed individual attendance data with the attestation.